

## Message Text

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PAGE 01 BUENOS 01244 161205Z  
ACTION ARA-10

INFO OCT-01 ISO-00 L-03 EB-08 COME-00 CIAE-00 INR-07  
NSAE-00 /029 W

-----161224Z 062336 /23 10

R 151530Z FEB 77  
FM AMEMBASSY BUENOS AIRES  
TO SECSTATE WASHDC 9114

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E.O. 11652: N/A  
TAGS: EINV, AR  
SUBJECT: INVESTMENT DISPUTE - PROARTEL

REF: (A) STATE 004328, (B) BUENOS AIRES 0827

1. EMBOFF MET WITH MESTRE ON FEBRUARY 2 AND RECEIVED OPTIMISTIC REPORT ON PROGRESS OF NEGOTIATIONS. MESTRE SEEMED ENCOURAGED BECAUSE THE COMMISSION HAD GOTTEN TO POINT OF SPEAKING OF MONEY AMOUNTS TO BE PAID IN COMPENSATION FOR EXPROPRIATION OF PROARTEL, AND MESTRE SAID ADVISOR TO GOA COMMISSION HAD GONE SO FAR AS TO TELL HIM HE THOUGHT MESTRE'S CLAIM COULD SERVE AS BASIS FOR OPENING OF NEGOTIATIONS. MESTRE URGED EMBASSY TO GIVE GOA ANOTHER SIGNAL OF ITS INTEREST IN THIS CASE AT THIS TIME, ARGUING THAT A LITTLE PRESSURE AT THIS POINT MIGHT GIVE THE NEGOTIATIONS AN IRREVERSIBLE MOMENTUM.

2. ACCORDINGLY, EMBASSY SOUGHT AND OBTAINED INTERVIEW WITH CAPTAIN CARPINTERO, SECRETARY OF INFORMATION OF THE PRESIDENCY. DURING CALL ON CAPTAIN CARPINTERO, EMBOFF ASKED FOR STATUS REPORT ON NEGOTIATIONS AND REITERATED INTEREST IN AN EQUITABLE AND EARLY  
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CONCLUSION OF THE NEGOTIATIONS.

3. CARPINTERO EMPHASIZED GOA'S TOTAL COMMITMENT TO SETTLING THIS AND OTHER EXPROPRIATION CASES INVOLVING ARGENTINE MEDIA. HE NOTED THAT MESTRE CLAIM FOR COMPENSATION WAS NOT AS UNREASONABLE AS CLAIMS OF OTHER EXPROPRIATED PARTIES. HE POINTED OUT

COMPLEXITY OF ISSUE BECAUSE OF FACT THAT OTHER FIRMS PROBLEMS BESIDES MESTRE'S HAD TO BE DEALT WITH BY COMMISSION. HE ADDED THAT PROARTEL CASE WAS ITSELF VERY COMPLEX BECAUSE IT COULD NOT BE RESOLVED WITHOUT AT THE SAME TIME RESOLVING CASE OF CHANNEL 13, WHICH SHARES SAME BUILDING AND SOME OF SAME EQUIPMENT, AS WELL AS STAFF, WITH PROARTEL.

4. CARPINTERO NOTED THAT STAGE HAD BEEN SET FOR A SUCCESSFUL NEGOTIATION, NOW THAT LEGISLATION WAS ABOUT TO BE PASSED GIVING AUTHORITY TO THE NEGOTIATING COMMISSION TO DEAL WITH PROBLEMS CREATED BY THE EXPROPRIATIONS. HE ADDED HOWEVER, THAT NEGOTIATIONS WERE LIKELY TO BE LONG AND COMPLEX PARTICULARLY BECAUSE OF PROBLEM OF LINK BETWEEN CHANNEL 13 AND PROARTEL. CARPINTERO INDICATED IT MIGHT BE THE END OF THE YEAR BEFORE PROBLEM SETTLED. CARPINTERO AGREED TO BRIEF EMBOFF ON GOVERNMENT TO GOVERNMENT BASIS. HE SPECIFICALLY ASKED THAT HIS REMARKS NOT, REPT, NOT BE CONVEYED TO MESTRE'S GROUP, TO WHICH WE AGREED.

5. COMMENT: IT IS INTERESTING TO NOTE THAT MESTRE APPEARS SOMEWHAT MORE OPTIMISTIC ABOUT THE TIMING OF A SOLUTION TO HIS PROBLEM THAN DOES CARPINTERO. EMBASSY BELIEVES CARPINTERO'S ESTIMATE IS THE MORE REALISTIC. WE BELIEVE THAT THE GOA WILL WORK STEADILY AND IN GOOD FAITH TOWARDS THE SOLUTION OF THIS PROBLEM BUT WE ARE ALSO CONVINCED THAT IT IS GOING TO TAKE A LIMITED OFFICIAL USE

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CONSIDERABLE AMOUNT OF TIME. IN THE MEANTIME MESTRE, WE ARE TOLD, HAS TAKEN GOA TO COURT AS A MEANS OF PRESSURING THEM FOR A SOLUTION. CHAPLIN

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
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**TAGS:** EINV, AR, PROARTEL  
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**Review Markings:**  
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